

§ 32.10

time, request a review by the Department of the amount garnished, based on materially changed circumstances such as disability, divorce, or catastrophic illness which result in financial hardship.

(b) A debtor requesting such a review under paragraph (a) of this section shall submit the basis for claiming that the current amount of garnishment results in a financial hardship to the debtor, along with supporting documentation. The Secretary shall consider any information submitted in accordance with this part.

(c) If a financial hardship is found, the Secretary shall downwardly adjust, by an amount and for a period of time established by the Secretary, the amount garnished to reflect the debtor's financial condition. The Secretary will notify the employer of any adjustments to the amount to be withheld.

§ 32.10 Refunds.

(a) If the hearing official, pursuant to a hearing under this part, determines that a debt is not legally due and owing to the United States, the Secretary shall promptly refund any amount collected by means of administrative wage garnishment.

(b) Unless required by Federal law or contract, refunds under this part shall not bear interest.

§ 32.11 Ending garnishment.

(a) Once the Department has fully recovered the amounts owed by the debtor, including interest, penalties, and administrative costs assessed pursuant to and in accordance with part 30 of this title, the Secretary shall send the debtor's employer notification to discontinue wage withholding.

(b) At least annually, the Secretary shall review its debtors' accounts to ensure that garnishment has been terminated for accounts that have been paid in full.

§ 32.12 Right of action.

(a) The employer of a debtor subject to wage withholding pursuant to this part shall pay to the Department as directed in a withholding order issued under this part.

(b) The Secretary may bring suit against an employer for any amount

45 CFR Subtitle A (10–1–13 Edition)

that the employer fails to withhold from wages owed and payable to a debtor in accordance with §§ 32.6 and 32.8, plus attorney's fees, costs, and, if applicable, punitive damages.

(c) A suit under this section may not be filed before the termination of the collection action involving a particular debtor, unless earlier filing is necessary to avoid expiration of any applicable statute of limitations period. For purposes of this section, "termination of collection action" occurs when the Secretary has terminated collection action in accordance with part 30 of this title, or other applicable law or regulation.

(d) Notwithstanding deemed to occur if from a debtor whose paragraph (c) of this section, termination of the collection action will be a period of one (1) year the Department does not receive any payments wages were subject to a garnishment order issued under this part.

PART 33—SALARY OFFSET

Sec.

33.1 Purpose, authority, and scope.

33.2 Definitions.

33.3 General rule.

33.4 Notice requirements before offset.

33.5 Review of department records relating to the debt.

33.6 Hearings.

33.7 Obtaining the services of a hearing official.

33.8 Voluntary repayment agreement in lieu of salary offset.

33.9 Special review.

33.10 Procedures for salary offset.

33.11 Salary offset when the Department is the creditor agency but not the paying agency.

33.12 Salary offset when the Department is the paying agency but not the creditor agency.

33.13 Interest, penalties, and administrative costs.

33.14 Non-waiver of rights.

33.15 Refunds.

33.16 Additional administrative collection.

AUTHORITY: 5 U.S.C. 5514; 5 CFR Part 550, Subpart K.

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§ 33.1 Purpose, authority, and scope.

(a) *Purpose.* This part prescribes the Department's standards and procedures